

Message Text

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ACTION IO-13

INFO OCT-01 EUR-25 ADP-00 IOE-00 INRE-00 EB-11 AID-20

AF-10 ARA-11 EA-11 NEA-10 RSC-01 COME-00 LAB-06 SIL-01

TRSE-00 OIC-04 SS-15 L-03 H-02 NSC-10 CIAE-00 INR-10

NSAE-00 PA-03 USIA-12 PRS-01 IGA-02 OMB-01 CIEP-02

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 8308

INFO USMISSION USUN

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EO 11652: N/A

TAGS: AORG EAID AFIN UNIDO US

SUBJ: UNIDO - IDB- VII REPORT OF THE EXECUTIVE DIRECTOR-- AGENDA
ITEM 5

SUMMARY. MISSION HAS INFORMALLY OBTAINED ADVANCE COPY DOC
ID/ B/122, REPORT OF EXECUTIVE DIRECTOR TO IDB- VII, SUBMITTED
UNDER AGENDA ITEM 5. (STATE 58956) REPORT IS DESCRIBED AS
IN NATURE OF INFORMAL INTRODUCTORY ADDRESS AND DISCUSSES
DIFFERENT ASPECTS OF UNIDO ACTIVITIES. THIS TELEGRAM SUMMARIZES
VARIOUS " ISSUES" RAISED IN REPORT THAT DEPT MAY WISH TO TAKE
INTO ACCOUNT IN PREPARATIONS FOR IDB- VII. IN CONTRAST TO OTHER
PC- II AND IDB- VII DOCUMENTATION WHICH BASICALLY PREPARED BY
UNIDO STAFF, REPORT IS A- R PRODUCTION, REFLECTING HIS STYLE
AND HIS VIEW OF PROBLEMS FACING THE BOARD AND UNIDO. END
SUMMARY.

1. ABDEL- RAHMAN FEELS THERE IS GREATER NEED FOR INTER- ACTION
AND SUPPORT BETWEEN DEVELOPING COUNTRY INDUSTRIAL STRATEGIES
AND UNIDO OPERATIONAL PROGRAMS AND HEADQUARTERS ACTIVITIES.
THIS IS A SENSIBLE PROPOSITION; THE PROBLEM IS HOW TO ACHIEVE
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THIS DESIRABLE CONNECTION, HOPEFULLY, WELL COORDINATED COUNTRY PROGRAMMING CAN HELP.

2. UNIDO AND INDUSTRIALIZATION: A-4 ASKS WHETHER, IN CONTRAST TO PAST PRACTICES, THE IDB AND/ OR PC MIGHT NOT EXAMINE SUBSTANTIVE PROBLEMS OF INDUSTRIAL DEVELOPMENT IN ADDITION TO " UNIDO PROBLEMS" AND WHETHER THE INDUSTRIAL DEVELOPMENT SURVEY MIGHT BE SUITABLE FOR CONSIDERATION AT PERIODIC UNIDO CONFERENCES. THIS ISSUE HAS BEEN RAISED IN THE BOARD PREVIOUSLY WITHOUT BEING FULLY RESOLVED. PC TERMS OF REF (RES 32/ VI) ARE CONCERNED MAINLY WITH UNIDO ACTIVITIES, WITH ONLY PASSING REF MADE IN OPERATIVE PARA 3 (C) (II) TO " OTHER MATTERS BEARING ON THE INDUSTRIALIZATION OF DEVELOPING COUNTRIES, FOR EXAMPLE THE INDUSTRIAL DEVELOPMENT SURVEYS." IT WOULD APPEAR DIFFICULT TO RESIST THE PROPOSITION THAT UNIDO INTERGOVERNMENTAL BODIES SHOULD CONCERN THEMSELVES WITH THE STATE OF INDUSTRIAL DEVELOPMENT BEYOND THE WORKINGS OF THE ORGANIZATION.

3. THE IMPACT OF UNIDO ON INDUSTRIAL DEVELOPMENT: A- R TAKES THE POSITION THAT IF UNIDO IS TO MAKE A SIGNIFICANT IMPACT ON INDUSTRIAL DEVELOPMENT IT WILL NOT BE THROUGH DIRECT INTERVENTION IN THE INDUSTRIALIZATION PROCESS BUT THROUGH INDIRECT CONTRIBUTIONS VIA CONSULTATIONS, EXCHANGE OF VIEWS, DEMONSTRATIONS, TRAINING AND THE ENCOURAGEMENT OF APPROPRIATE ATTITUDES AND POLICIES. PROBLEMS OF INDUSTRIAL DEVELOPMENT SHOULD BE HANDLED FROM AN INTERNATIONAL, MULTI-COUNTRY POINT OF VIEW. TO MOVE IN THIS DIRECTION A- R SUGGESTS THAT UNIDO SYNTHESIZE " ELEMENTS" FROM ITS LARGE NUMBER OF COUNTRY PROJECTS, WHICH MIGHT ELATE TO PARTICULAR ASPECTS OF INDUSTRY OR A PARTICULAR STAGE OF THE INDUSTRIALIZATION PROCESS, IN ORDER TO MAKE AN " INTERNATIONAL CONTRIBUTION" TO BETTER UNDERSTANDING OF INDUSTRIAL DEVELOPMENT. A- R' S ARGUMENT THAT UNIDO SHOULD NOT BE CONFINED TO THE COUNTRY PROJECT TA APPROACH IS ONE WHICH HE HAS MADE ON SEVERAL OCCASIONS IN THE PAST. WE HAVE NOT TAKEN ISSUE WITH THIS VIEW. THE REAL QUESTION MAY BE TO WHAT EXTENT THE RESOURCES AVAILABLE TO UNIDO WILL ENABLE IT TO UNDERTAKE A SUBSTANTIAL VOLUME OF ACTIVITY OVER AND ABOVE THAT IMPLEMENTATION OF PROJECTS EXPECTED FROM IT AS AN EXECUTING AGENCY. (A- R NOTES THAT BY 1976 UNDP' S COUNTRY PROGRAM PROJECTS ARE EXPECTED TO ACCOUNT FOR ALMOST 80 PERCENT OF UNIDO' S OPERATIONAL ACTIVITIES AS COMPARED WITH ABOUT 65 PERCENT IN 1972.) A- R' S SUGGESTIONS THAT UNIDO SYNTHESIZE ELEMENTS FROM LIMITED OFFICIAL USE

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ITS COUNTRY PROJECT EXPERIENCE IN ORDER TO MAKE A CONTRIBUT
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RESULTS OF EVALUATION BE USED TO BRING ABOUT IMPROVEMENT THROUGH CHANGES IN PROCEDURES, PERSONNEL OR ORGANIZATION. A- R OBVIOUSLY RAISES SOME BASIC ISSUES IN RESPECT OF UNIDO'S APPROACH TO EVALUATION TO WHICH THE US DEL SHOULD BE PREPARED TO ADDRESS ITSELF.
(VIENNA A-188)

5. THE LIFE HISTORY OF AN INDUSTRIAL PROJECT-- A- R FEELS THAT THE GAP BETWEEN PREINVESTMENT AND INVESTMENT ACTIVITIES " WHICH IS AN ESTABLISHED PRINCIPLE IN THE MULTILATERAL ASSISTANCE OF UNIDO AND UNDP" IS A HANDICAP TO THE EFFECTIVENESS OF MANY OPERATIONAL PROGRAMS. A- R ARGUES THAT UNIDO SHOULD HAVE ACCESS TO THE INFORMATION AND SOURCES THAT WOULD ENABLE IT TO DESIGN FEASIBILITY STUDIES IN ACCORDANCE NOT ONLY WITH THE REQUIREMENTS OF ECONOMICS AND TECHNOLOGY BUT ALSO WITH PROSPECTIVE FINANCING OPPORTUNITIES AND THE ACTUAL CONSTRUCTION OF INDUSTRIAL ENTERPRISES. THE JOINT UNIDO/ IBRD PROGRAM SHOULD HELP BUILD A BRIDGE BETWEEN UNIDO'S PREINVESTMENT ACTIVITIES AND INVESTMENT DECISIONS. WHETHER UNIDO'S INVESTMENT PROMOTION PROGRAM CAN MAKE
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SUCH CONTRIBUTION IS UNCERTAIN (VIENNA A-194).

6. POLICIES AND STRATEGIES OF INDUSTRIALIZATION--

A- R IMPLIES STRONGLY THAT UNIDO MUST CONCERN ITSELF MUCH MORE INTENSIVELY WITH BASIC ISSUES OF INDUSTRIAL POLICIES AND STRATEGIES WHICH INVOLVE BOTH DEVELOPING AND DEVELOPED COUNTRIES IN CONTRAST TO CONCENTRATING ALMOST EXCLUSIVELY ON INDIVIDUAL INDUSTRIAL DEVELOPMENT PROJECTS IN OVER 100 COUNTRIES. IN SHORT, HE ARGUES THAT UNIDO SHOULD NOT LOSE SIGHT OF THE FOREST FOR THE TREES. A- R' S SUBSCRIPTION TO THE SPIRIT OF RECOMMENDATION I OF THE EXPERTS REPORT ON STRATEGY COMES THROUGH CLEARLY IN THIS AND OTHER PASSAGES OF THE REPORT. HIS POSITION IN THIS RESPECT HAS BEEN CONSISTENT SINCE IDB- I WHERE HE VOCIFEROUSLY COMPLAINED THAT TYING UNIDO BASICALLY TO AN EXECUTING AGENCY ROLE WOULD RESULT IN CREATING AN ORGANIZATION " WITHOUT A BRAIN".

7. FINANCING AND GROWTH OF UNIDO--(A) A- R CITES

UNIDO' S REGULAR BUDGET AS THE LIMITING FACTOR ON THE GROWTH AND IMPROVEMENT IN QUALITY AND EFFECTIVENESS OF UNIDO' S PROGRAM: (B) A- R EXPRESSES GRATIFICATION THAT THE VARIETY OF FINANCIAL SOURCES AVAILABLE TO FUND UNIDO OPERATIONAL ACTIVITIES HAS MADE POSSIBLE A VARIETY OF APPROACHES AND OPPORTUNITIES TO DEVELOP DIFFERENT TYPES OF PROGRAMS AND ACTIVITIES AND OBSERVES THAT IT WOULD BE DESIRABLE FOR " THE SAME PRINCIPLES OF FLEXIBILITY OF PROCEDURE AND ADJUSTABILITY OF PROJECT PLANNING AND IMPLEMENTATION" TO APPLY TO RESOURCES MADE AVAILABLE THROUGH UNDP. HE IDENTIFIES THIS AS " THE MAIN DIRECTION" TO BE PURSUED IN ORDER TO IMPROVE THE EFFECTIVENESS OF MULTILATERAL ASSISTANCE IN THE FIELD OF INDUSTRY: (C) IN A BOOST TO DIRECT VOLUNTARY CONTRIBUTIONS (AND SEPARATELY TO " ASSOCIATED RESOURCES" AS A VEHICLE FOR HARMONIZING UNIDO ACTIVITIES AND THOSE OF BILATERAL DONORS) A- R ASSERTS THAT THEIR USEFULNESS IS NOT LIMITED TO THE PROJECTS FINANCED THEREFROM BUT EXTENDS TO THE OPPORTUNITIES THEY OPEN FOR CLOSER COOPERATION BETWEEN UNIDO AND INDUSTRIAL (DONOR) COUNTRIES THROUGH DIRECT PROGRAMMING WITHOUT UNDP INTERVENTION. IN HIS VIEW THIS ADVANTAGE MAY WELL OUTWEIGH THE DIFFICULTIES OF INDIVIDUAL LIMITED OFFICIAL USE

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NEGOTIATIONS AND THE RESTRICTIONS INHERENT IN NON- CONVERTIBLE CONTRIBUTIONS. A- R' S COMPLAINT ABOUT BUDGETARY RESTRICTIONS RESTATES A FAMILIAR THEME, WHICH WE ASSUME SHOULD BE COUNTERED BY APPROPRIATE REMARKS CONCERNING UNRESTRAINED INCREASES IN

REGULAR BUDGETS. HIS OBSERVATIONS
ABOUT LACK OF UNDP FLEXIBILITY AND HIS CALL FOR DIRECT
VOLUNTARY CONTRIBUTIONS TO UNIDO, EVEN IF INCONVERTIBLE,
IN ORDER TO BE ABLE TO PROGRAM ACTIVITIES WITHOUT
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